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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-116 & 117

U.S DEPOSITORY

WORLD COTTON PROSPECTS

(May and June issues)

Summary

The latest available information on acreage and production for the individual producing countries indicates that the total world cotton acreage in the 1934-35 season amounted to approximately 73,600,000 acres and total world production amounted to about 23,622,000 equivalent bales of 478 pounds net weight. These represent decreases of 1.3 and 11.1 percent respectively as compared with 1933-34 and were both the smallest since 1923-24. Total foreign acreage and production in 1934-35, however, both reached a new high level, the reduction in the world totals being due entirely to the curtailment in the United States.

The total acreage in foreign countries for the current (1934-35 season) is now estimated at 46,613,000 acres which is 2,000,000 acres or 4.5 percent larger than in the previous season and 11.6 percent larger than the average for the 5 years 1928-29 to 1932-33. Domestic acreage on the other hand was 3,000,000 acres or 10 percent smaller than a year earlier, one third smaller than the 5-year average, and the smallest since 1900.

Total cotton production in foreign countries in 1934-35 is estimated at 13,986,000 bales (478 pounds) which is 464,000 bales or 3.4 percent more than in 1933-34 and 2,435,000 bales or 21.1 percent larger than the average for the 5 years ended 1932-33. The domestic crop was 3,400,000 bales or 26.1 percent less than in 1933, 34.5 percent less than the 5-year average and the smallest with one exception since 1901.

A recent report from the Agricultural Commissioner's Office at Shanghai states that the 1935-36 Chinese crop is expected to be smaller than the 1934-35 crop due to unfavorable weather conditions in North China. The 1935-36 plan in Russia calls for about 4,800,000 acres in cotton, about 92 percent of which was reported to have been planted up to May 15 under favorable weather conditions. The planned acreage is slightly larger than the 4,764,000 acres reported as having been harvested in 1934-35 but the new crop was apparently planted more promptly and under more favorable weather conditions. The Brazilian Government has recently estimated that the new crop in northeastern Brazil, where harvesting is just beginning will be equivalent to 1,086,000 bales of 478 pounds. This is 348,000 bales or 47.2 percent higher than the new high production reached in these states last year.

Exports of American cotton during the first 11 months of 1934-35 were about 37 percent less than a year earlier although foreign consumption of American cotton has been considerably higher than exports, with stocks of American cotton in foreign countries now considerably lower than a year ago. Exports of Indian cotton during the first 10 months of 1934-35 were about 7 percent larger than a year earlier and exports from Egypt about 11.5 percent less than to the end of May last season. Exports from Brazil from last August 1 to the end of April amounted to 568,000 bales of 478 pounds compared with 145,000 bales during the like period a year earlier.

The cotton textile situation in Europe as a whole was more favorable during May and June than in the first part of 1934 particularly in regard to sales of cotton textiles. Mill activity also increased in some localities but in Germany and Italy the limitations on quantity of raw cotton which may be imported and consumed is restricting operations.

Prices

Throughout most of May domestic cotton prices fluctuated within a rather narrow range, the price of Middling 7/8" cotton in the 10 markets ranging between 12 and 12-1/2 cents. On may 31, the 10-market average dropped to 11-1/2 cents but by June 6 had recovered to 12 cents. Since that time the price of Middling 7/8" in 10 markets has fluctuated within a few points of 12 cents. The average price in these markets for the month of June was 11.97 cents compared with 12.33 in May and 12.04 in June last year. The average United States farm price as of June 15 was 11.8 cents compared with 12.0 cents in May and 11.6 cents in June last year.

The price of American cotton at Liverpool continued to strengthen during June relative to Indian continuing the trend which became evident in May. The price of three types of Indian cotton during the 3 weeks ended June 21 averagod 75 percent of the price of American Middling and Low Middling compared with 76.5 percent in May, and 77.8 percent in April. Indian is still higher relative to American than at this time last year but is lower than the average of the last 10 years.

Stocks and Movement

Exports of American cotton

Exports of American cotton during May totaled 279,000 running bales compared with 285,000 bales in May last year and 592,000 bales in May 1933, according to data released by the Bureau of the Census. Total exports for the first 10 months of the season amounted to 4,175,000 bales compared with 6,769,000 bales a year earlier, a decline of 2,595,000 bales or 38 percent. Trade reports indicate that domestic exports in June were around 22 percent below June last year. In view of the small amount of cotton other than the Government financed stocks and the fact that exports during July last year were comparatively large, it seems likely that exports for the remainder of the season will continue materially lower than a year earlier. Consumption reports of the New York Cotton Exchange Service as well as trade reports on stocks of American cotton in foreign countries indicate that foreign consumption of American cotton thus far this season has been maintained at a level substantially higher than is indicated by the low level of exports. Consumption estimates indicate that up to the end of April foreign consumption of American cotton during the current season was about 1,600,000 bales or 26 percent less than a year earlier. Consumption of foreign-grown cotton outside of the United States during the first 9 months of the season was estimated to have been about 1,800,000 bales larger than in the corresponding period last season.

Exports of Indian, Egyptian, and Brazilian cotton

During May 1935 total exports of Indian cotton amounted to 375,000 bales of 478 pounds. This represented a slight increase over exports in May 1934 and an increase of about 93 percent over May 1933. Exports from India to the United Kingdom in May were approximately 91 percent larger than a year earlier, exports to Belgium more than twice as large and exports to France about 30 percent larger. For the 10 months ended May 1935 total exports from India amounted to 2,246,000 bales compared with 2,106,000 bales

during the like period last season and 1,784,000 bales for the first 10 months of 1932-33. Exports from India to Japan amounted to 1,203,000 bales or more than half of the total and were almost 400,000 bales larger than in the like period last season. Exports to most other countries for the first 10 months of the season were smaller than a year earlier.

Exports of Egyptian cotton in May were equivalent to about 115,000 bales of 478 pounds. This is the same as in May last year and 3,000 bales larger than in May 1933. For the first 10 months of the season, total shipments from Egypt amounted to 1,478,000 bales compared with 1,670,000 the year earlier and 1,092,000 bales in the corresponding months of 1932-33.

Exports of cotton from Brazil for the 9 months ended April 1935 amounted to 568,000 bales of 478 pounds, compared with 145,000 bales a year earlier and were the largest for the period on record.

Textile Situation

United States

Domestic cotton consumption in May amounted to about 469,000 running bales, according to data released by the Bureau of the Census. This represents a slight increase over the 463,000 bales consumed in April but is about 10 percent below consumption in May last year. Total consumption for the 10 months ended May 31,1935 amounted to 4,566,000 bales, compared with 4,977,000 bales during the like period last season. In view of the low level of consumption during the last 2 months of the 1933-34 season, it seems likely that domestic consumption in June and July will be somewhat larger than a year earlier, and that total consumption for the season will not be greatly lower than that of 1933-34, despite the curtailment in activity which has occurred since mid-April.

Reports of the Cotton Textile Institute place the average output of cotton cloth during the first 3 weeks of June at approximately 101,000,000 yards compared with an average of 120,000,000 yards during the 4 weeks ended April 13, 101,000,000 yards for the 4 weeks ended June 30, 1934 and an average of 92,000,000 yards for the 4 weeks ended July 28, 1934.

Cotton: Exports from United States, India and Egypt to specified countries, for specified periods

Country of origin and destination	May					Aug. 1 to May 31				
	10-yr. av. 1923-24 to 1932-33	1933	1934	1935	1935 as a percentage of 1934	10-yr. av. 1923-24 to 1932-33	1932-33	1933-34	1934-35	1934-35 as a percentage of 1933-34
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Percent	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Percent
From United States:										
United Kingdom	80	109	44	52	118.2	1,637	1,225	1,170	660	56.4
France	34	50	9	14	155.6	777	768	692	333	48.1
Italy	44	63	32	15	46.9	609	691	602	413	68.6
Germany	95	167	35	13	37.1	1,680	1,597	1,228	287	23.4
Japan	58	83	73	91	124.7	1,159	1,454	1,637	1,375	84.0
China	14	9	7	1	14.3	250	242	225	106	47.1
Other countries	96	111	85	93	109.4	1,129	1,136	1,215	1,001	82.4
Total	421	592	285	279	97.9	7,241	7,113	6,769	4,175	61.7
	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	Percent	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	Percent
From British India:										
United Kingdom	19	26	32	61	190.6	149	147	263	260	98.9
Germany	21	11	23	16	69.6	164	120	180	98	54.4
France	14	10	10	13	130.0	119	106	107	97	90.7
Belgium	19	8	10	22	220.0	157	98	111	125	112.6
Japan	92	106	231	208	90.0	1,100	1,002	833	1,203	144.4
China	35	9	23	24	104.3	254	106	252	81	32.1
Italy	26	14	16	11	68.8	255	130	178	210	118.0
Other countries	21	10	20	21	105.0	134	75	182	172	94.5
Total	247	194	365	375	102.7	2,332	1,784	2,106	2,246	106.6
From Egypt:										
United Kingdom	38	44	36	34	94.4	507	382	640	406	63.4
British India	3	3	5	9	180.0	22	23	46	103	223.9
United States	10	5	2	2	100.0	152	49	93	50	53.8
France	14	17	12	20	166.7	167	160	191	173	90.6
Germany	8	13	16	11	68.8	93	148	198	115	58.1
Italy	8	8	10	5	50.0	86	81	129	131	101.6
Japan	3	4	9	9	100.0	58	69	105	172	163.8
Other countries	16	18	22	25	113.6	207	180	268	328	122.4
Total	100	112	115	115	100.0	1,292	1,092	1,670	1,478	88.5

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Compiled from official sources; current data for exports from India and Egypt from cables.

Continental Europe 1/

A continuance of the recent more favorable tendencies in new orders for the continental cotton industry was experienced during May, taking the Continent as a whole, but the level of cotton mill operations has remained largely unchanged, with some tendency toward a slight rise in western and northern Europe and Italy offset by slight declines in central Europe. These movements in occupation were generally in continuation of April developments. Trade reports indicate that in general the situation continued comparatively favorable in June.

New sales of cotton yarn by cotton spinners showed a clear though conservative improvement in France, Belgium, and Italy, with the latter country, following the introduction of control measures in April, experiencing developments similar to those observed in Germany when restrictions on the use of raw material were introduced. Italian cotton spinners and weavers have apparently received considerably larger orders in recent weeks. On the other hand, German and other central European cotton mills experienced a continuation of the downward tendency of new orders for both yarn and cloth.

Activity in the cotton spinning and weaving centers in France and, particularly, Belgium where hopes of a decided improvement following the devaluation move were realized, underwent a fair increase during the month of May. Some slight expansion was also observed in Italy, but the authoritative regulation of the use of raw material now in effect indicated to have prevented an increase corresponding to the rise in new orders. In Germany and Czechoslovakia, on the other hand, some declines in spinning and weaving mill activity occurred and these have tended to offset the improvements noted for western Europe.

Buying of raw cotton in May by continental European spinners and merchants was somewhat stimulated by the firm tendency in raw cotton markets, but continued to be greatly handicapped in Germany and Italy by governmental restriction of raw cotton purchases. Price-fixing was of fair volume. New business was adversely affected by the drastic decline in the American markets at the end of May, but this, however, was largely recovered during the first week in June.

Germany

The German cotton spinner report for April indicated that the demand for cotton yarns has fallen off considerably and that buying interest for mixed cotton and artificial fibre yarns was decidedly curtailed. Spinning mills were also indicated to be having difficulty with raw material supplies in some instances, and it may be concluded from statements in the report that mill occupation has slackened, though this was not expressly stated. The report of cotton weavers for April likewise indicated a spotted decline in incoming orders and difficulties, in places, in procuring necessary raw materials. Exports remained very unsatisfactory, but mill activity was indicated to have been substantially unchanged.

1/ Based largely on a report dated June 6 from Loyd V. Steere, Agricultural Attaché at Berlin, Germany.

Developments during May, on which there is still very little information available, seem to have conformed to the tendencies described above in the April reports. A decline in current demand for yarn and fabrics as well as a decline in spinning and weaving mill activity seems to have taken place.

German cotton spinner and merchant demand for raw cotton during the month of May continued to reflect the restrictions imposed upon import business. A spotted revival of transactions was reported around the middle of the month, especially in exotic cottons. Some pick-up in transactions in American cotton at the same time may have been due to new compensation deals of small volume. A rather heavy blow to German raw cotton supply possibilities was struck, however, at the beginning of May by the Brazilian Government's prohibition on the exportation of important raw materials, including raw cotton, on a compensation or clearing basis. It is not yet known whether this decision, which would make it impossible for Germany to continue imports of Brazilian cotton in the customary way, or in the recent volume, will be modified.

German imports of raw cotton during the first several months of the current year have shown a slightly rising tendency - both for imports from the United States and from other countries. Recently, it even seems that imports from the United States have increased relatively more than those from other countries. Nevertheless, they remain greatly below the latter, amounting to only 20 to 25 percent of the imports from other countries in the first 4 months of 1935, while in the same period of 1934 they were three times as high as imports from countries other than the United States.

Czechoslovakia

Very unsatisfactory conditions continued in the Czechoslovakian cotton industry. Sixty thousand looms of the 115,000 in place are at present idle. As a result of the dissolution of the spinners' cartel, cut-throat competition has reduced prices of cotton yarn by more than 25 percent, a cut which means severe losses. A great number of applications for permits to close individual plants have been received by the authorities, but these so far have largely been kept pending. It is hoped that a restoration of the spinners' cartel will improve the situation, particularly since some sort of organization of sales and output in the cloth mills will ensue as soon as the spinners' organization is restored.

Austria

The increasing tendency of raw cotton prices and resultant price increases for cotton yarns and cotton fabrics during May have continued to stimulate new orders for the cotton mills and have enabled maintenance of the previous levels of mill operations. Unsatisfactory development of exports, however, continues to be a threat for the near future.

France

Continued gradual improvement was registered in all sections of the French cotton textile industry during the month of May with new orders for cotton yarn and cotton cloth steadily increasing and mill operations

expanded by about 5 percent. It appears that the stimulation of business was partly due to some anxiety about the position of the franc in recent weeks, as this factor is indicated by some observers to have contributed to the more active interest of buyers in the acquisition of raw material and of semi-manufactured as well as manufactured products. The cotton mill situation in France has shown steady betterment since the beginning of the year, though present indices of the sales and occupation of the industry are still greatly below the first several months of the previous 2 years.

Belgium

Great improvement in the Belgian cotton textile situation has been recorded in recent weeks, both in the spinning and weaving sections. It is indicated that the hopes of the industry in connection with devaluation of the belga are in full process of realization, and the cotton industry, in common with other export industries, seems literally to have taken on new life and a new outlook.

Italy

During the month of April, the Istituto Cotoniero Italiano, by Government ordinance, was entrusted with the control and supervision of cotton and cotton textile imports and exports and of the payments connected therewith. This supervision pertains both to the cotton industry and the cotton trade, and only after approval by the Istituto can the necessary currency be allotted for imports within existing contingents. Free imports of raw cotton in exchange for exports of cotton goods are reported as permitted on condition that 50 percent of the raw cotton imported is placed at the disposal of the Istituto against payment in domestic currency.

This raw material import supervision, which practically regulates the amount of working time in the industry (as in Germany at the time of the introduction of raw material supervision) has led to a considerably increased buying interest on the part of the industry and merchants for raw, semi-manufactured and finished products. A certain rise in mill activity has been generally observed following the increase in orders, but the new restrictions seem to be preventing anything like an expansion of output commensurate to the new bookings.

Russia

Production of the cotton textile factories in April amounted to 183,331,000 meters (200,491,000 yards) of fabrics, which is 8.3 percent above the monthly plan. Compared with April last year, however, this is a decline of about 13 percent.

Production of cotton fabrics in Soviet Russia

Month	1934	1935
	Yards	Yards
Jan., Feb. & Mar..	585,076	1/ 600,386,000
Apr.	230,420,000	200,491,000

1/ January - March 1935 reported to have been 15,310,000 yards above the corresponding period in 1934.

Acreage, Production and Crop Conditions

Estimated world acreage and production 1934-35

The latest available estimates of acreage in most of the principal cotton producing countries and many of the minor producing countries now indicate that the total world acreage in cotton for the 1934-35 season amounted to approximately 73,600,000 acres. This estimate is 1,000,000 acres or 1.3 percent smaller than the estimated acreage (revised) in 1933-34 and the smallest since 1923-24. The small world acreage estimate is due entirely to the reduced acreage in the United States. The 1934-35 United States acreage, which was estimated in May by the Crop Reporting Board at 26,987,000 acres, was approximately 3,000,000 acres or 10 percent smaller than in 1933-34, 13,567,000 acres or 33.5 percent smaller than the average, 1928-1932, and the smallest since 1900.

Total foreign acreage for 1934-35 is now estimated at 46,600,000 acres which is 2,000,000 acres or 4.5 percent larger than the previous peak acreage of 1933-34, and is 4,800,000 acres or 11.6 percent larger than the average, 1928-29 to 1932-33.

The latest information available indicates that the world production of all cotton in the season now drawing to a close amounted to the equivalent of about 23,622,000 bales of 478 pounds. This is approximately 3,000,000 bales or 11.1 percent less than the revised estimate of 1933-34, is 2,595,000 bales or 9.9 percent less than the average for the 5 years 1928-29 to 1932-33, and like the acreage is the smallest since 1923-24. The 1934 United States production amounted to 9,636,000 bales compared with 13,047,000 bales the previous season and an average for the 5 years 1928-1932 of 14,666,000 bales. Production in foreign countries in 1934-35 is now estimated at 13,986,000 bales which is 464,000 bales or 3.4 percent higher than the revised estimate of foreign production in 1933-34 which was itself the highest in history and is 2,435,000 bales or 21.1 percent higher than the average for the 5 years 1928-29 to 1932-33.

China 1/

The 1935 cotton crop in China is expected to be somewhat smaller than that of 1934 due to unfavorable weather conditions in North China.

The new crop in North China is expected to be not more than 80 percent of the 1934 harvest. Producers there originally intended to increase the acreage by about 10 percent according to the best indications and information available but the area actually planted was below that of last year. Germination has been poor in some areas due to insufficient rainfall this spring.

Long staple cotton which competes more directly with American cotton will show the greatest reduction. The North China cotton-producing region which includes the provinces of Hopei, Shantung, Shansi, Honan and Shensi had in 1934 a total cotton area of 3,477,000 acres and a harvest of 1,894,000 bales.

1/ Based largely on a Radiogram from Agricultural Commissioner O. L. Dawson at Shanghai.

The acreage planted to cotton in the Yangtze Valley region is reported fully equal to the 3,350,000 acres planted in 1934. Weather conditions have been favorable and a somewhat larger crop than the 1,231,000 bales harvested last year is indicated. The Yangtze Valley region includes the cotton-producing provinces of Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh and Hunan.

Soviet Russia 1/

Practically all of the 1935 Russian cotton acreage was planted during the optimum period under favorable weather conditions. Total planting on May 15 amounted to 4,420,000 acres or 92 percent of this year's cotton acreage plan of about 4,800,000 acres, and apparently somewhat more than was in at the same time last year. The latest estimate of the acreage harvested in 1934-35 is 4,764,000 acres. Sowings in Usbekistan, the most important cotton producing region of the Union, are reported to have been completed earlier than during any of the past several years. By April 25 about 85 percent of the total cotton acreage of this section was planted this year, and by May 10, 98 percent was in.

The favorable weather conditions and early planting are regarded as very propitious for favorable crop outturns, and the press and local authorities are stressing the necessity of preserving this outlook by proper and thorough cultivation. Some collectives are reported as relaxing their efforts because of the feeling that the favorable weather and early plantings in themselves are sufficient to ensure high yields. Delay in cotton cultivation, therefore, is complained of in some cases, although Middle Asia as a whole shows rather favorable progress in this respect.

Irrigation difficulties ensuing from the low level of water in the irrigation systems are expected this season, and this somewhat mars the otherwise favorable outlook. Meagre precipitation and a short winter this year have resulted in below average water supplies in the rivers depending upon melting snow for their supplies. Shortage of water is, therefore, feared for several irrigation systems of Middle Asia, and the necessity of strict regulation and economizing of the available water supplies is emphasized. As yet little has actually been done to insure economical utilization of the available water, and the situation, it appears, is one which may easily become serious if economy measures are not carried out.

Brazil

According to a cable received from Consul General S. T. Lee, at Rio de Janerio July 5, the Brazilian Government in its first estimate of cotton production in northeastern Brazil placed the 1935-36 crop in these states at 1,086,000 bales of 478 pounds. This is 348,000 bales or 47.2 percent larger than the new record production of these states in 1934-35 and is 152.0 percent larger than the average in this region during the 10 years ended 1932-33. The first estimate of the 1935-36

1/ Based on a report from Agricultural Attaché L. V. Steere, at Berlin, dated June 6, 1935.

crop in Southern Brazil will not be available for several months as the crop in those states is not planted until September, October, and November.

The second estimate of the 1934-35 production in Southern Brazil, was lower than the first estimate by 230,000 bales. This estimate which places the crop in the Southern States at 623,000 bales is still 24.4 percent larger than the previous year which was itself the highest in history and is 419.2 percent larger than the 10-year average.

The revised estimate of the 1934-35 crop in the Southern States reduces the estimate of the entire 1934-35 Brazilian crop from 1,591,000 bales to 1,361,000 bales. This compares with an estimate of 969,000 bales for the 1933-34 crop which up to that time was the largest ever produced in Brazil. The revised estimate of the total 1934-35 Brazilian crop is 809,000 bales or 146.6 percent larger than the 1923-24 to 1932-33 average.

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